



VILLAGE OF ONEKAMA
MANISTEE COUNTY, MICHIGAN

51-3050
AUDITED FINANCIAL STATEMENTS
FEBRUARY 29, 2004

VILLAGE OF ONEKAMA

TABLE OF CONTENTS

	<u>Page</u>
<u>General Purpose Financial Statements</u>	
Auditing Procedures Report	3
Independent Auditor's Report	4
Combined Balance Sheet - All Fund Types	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Exhibit B	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds - Exhibit C	8
Combined Statement of Revenue, Expenses and Changes in Retained Earnings All Proprietary Funds - Exhibit D	9
Combined Statement of Cash Flows - All Proprietary Fund Types - Exhibit E	11
Notes to Financial Statements	12
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	19
<u>Supplemental Schedules</u>	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Schedule 1	22
Combining Balance Sheet - Special Revenue Funds - Schedule 2	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds - Schedule 3	26
Statement of Revenues, Expenditures and Changes in Fund Balance Major Street Fund - Budget and Actual - Schedule 4	27
Statement of Revenues, Expenditures and Changes in Fund Balance Local Street Fund - Budget and Actual - Schedule 5	28
Statement of Revenues, Expenditures and Changes in Fund Balance Cemetery Fund - Budget and Actual - Schedule 6	29
Statement of Revenues, Expenditures and Changes in Fund Balance Liquor Law Enforcement Fund - Budget and Actual - Schedule 7	30
Statement of Revenues, Expenses and Changes in Retained Earnings Sewage Fund - Schedule 8	32
Statement of Revenues, Expenses and Changes in Retained Earnings Equipment Rental Fund - Schedule 9	34

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Onekama		County Manistee
Audit Date 2/29/04	Opinion Date 8/17/04	Date Accountant Report Submitted to State: 10/29/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☒ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Kalcher, Vanderwal & Torrey, P.C.			
Street Address 475 Water Street		City Manistee	State Mi
Accountant Signature <i>Daniel R. Kalcher, CPA</i>		ZIP 49660	Date 10/29/04

**KALCHER
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& TORREY, P.C.**

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TRAVERSE CITY
MANISTEE

CERTIFIED PUBLIC ACCOUNTANTS

Of Counsel:
LEONARD R. KALCHER, C.P.A.

Independent Auditor's Report

August 17, 2004

Village Council
Village of Onekama
Onekama, Michigan

We have audited the accompanying general purpose financial statements of the Village of Onekama, Manistee County, Michigan, as of and for the year ended February 29, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Department of Treasury "Bulletin For Audits of Local Units of Government in Michigan." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the General Fixed Asset Account Group, which should be included to conform to generally accepted accounting principles. The amount that should be recorded in the General Fixed Asset Account Group is not known.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Onekama, Manistee County, Michigan, as of February 29, 2004, and the results of its operations and the cash flows of its Proprietary Fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combined and individual funds statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Onekama, Manistee County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Kalcher, Vanderwal & Jorrey, P.C.

Certified Public Accountants

VILLAGE OF ONEKAMA
COMBINED BALANCE SHEET - ALL FUND TYPES
FEBRUARY 29, 2004

Exhibit A

	Governmental Fund Types	
	General Fund	Special Revenue Funds
<u>Assets</u>		
Cash (Note 2)	\$ 174,945	\$ 105,824
Due from Other Funds	39,298	329
Accounts and Grants Receivable	15,414	15,341
Restricted Cash (Note 3)	-	-
Fixed Assets (Note 4)	-	-
Less: Accumulated Depreciation	-	-
Total Assets	<u>\$ 229,657</u>	<u>\$ 121,494</u>
<u>Liabilities and Fund Equity</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 5,918	\$ 1,252
Due to Other Funds	382	6,170
Payroll Taxes Payable	1,112	-
Accrued Interest	-	-
Deferred Revenue	-	-
Bonds Payable (Note 5)	-	-
Total Liabilities	<u>\$ 7,412</u>	<u>\$ 7,422</u>
<u>Fund Equity</u>		
Contributed Capital	\$ -	\$ -
Retained Earnings - Unreserved	-	-
Fund Balance - Unreserved, Undesignated	222,245	114,072
Total Fund Equity	<u>\$ 222,245</u>	<u>\$ 114,072</u>
Total Liabilities and Fund Equity	<u>\$ 229,657</u>	<u>\$ 121,494</u>

Proprietary Fund Types		
Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
\$ 143,671	\$ 92,066	\$ 516,506
-	3,585	43,212
11,650	-	42,405
110,778	-	110,778
1,848,351	202,698	2,051,049
(761,308)	(101,797)	(863,105)
<u>\$ 1,353,142</u>	<u>\$ 196,552</u>	<u>\$ 1,900,845</u>

\$ 17,518	\$ 19,678	\$ 44,366
36,629	31	43,212
-	-	1,112
3,192	-	3,192
2,908	-	2,908
395,000	-	395,000
<u>\$ 455,247</u>	<u>\$ 19,709</u>	<u>\$ 489,790</u>

\$ 275,279	\$ -	\$ 275,279
622,616	176,843	799,459
-	-	336,317
<u>\$ 897,895</u>	<u>\$ 176,843</u>	<u>\$ 1,411,055</u>
<u>\$ 1,353,142</u>	<u>\$ 196,552</u>	<u>\$ 1,900,845</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF ONEKAMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED FEBRUARY 29, 2004

Exhibit B

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
<u>Revenues</u>			
Taxes	\$ 65,955	\$ -	\$ 65,955
Licenses and Permits	410	-	410
State Grants	52,753	56,854	109,607
Charges for Services	1,251	100	1,351
Interest	4,168	1,033	5,201
Rents and Royalties	13,874	-	13,874
Donations	-	850	850
Sale of Property	112,619	-	112,619
Total Revenues	<u>\$ 251,030</u>	<u>\$ 58,837</u>	<u>\$ 309,867</u>
<u>Expenditures</u>			
Legislative	\$ 13,128	\$ -	\$ 13,128
General Government	37,743	5,923	43,666
Public Safety	1,671	1,460	3,131
Public Works	10,937	68,989	79,926
Recreation and Cultural	12,174	-	12,174
Capital Outlay	33,398	-	33,398
Other Functions	30,880	-	30,880
Total Expenditures	<u>\$ 139,931</u>	<u>\$ 76,372</u>	<u>\$ 216,303</u>
<u>Excess of Revenues Over (Under)</u> <u>Expenditures</u>	<u>\$ 111,099</u>	<u>\$ (17,535)</u>	<u>\$ 93,564</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	\$ -	\$ 21,346	\$ 21,346
Operating Transfers Out	(115,645)	(8,072)	(123,717)
Total Other Financing Sources (Uses)	<u>\$ (115,645)</u>	<u>\$ 13,274</u>	<u>\$ (102,371)</u>
<u>Excess of Revenues and Other Financing Sources</u> <u>Over (Under) Expenditures and Other Uses</u>	<u>\$ (4,546)</u>	<u>\$ (4,261)</u>	<u>\$ (8,807)</u>
Fund Balance - March 1, 2003	\$ 226,791	\$ 109,505	\$ 336,296
Prior Period Adjustment - Note 9	-	8,828	8,828
Fund Balance - March 1, 2003 - Restated	<u>\$ 226,791</u>	<u>\$ 118,333</u>	<u>\$ 345,124</u>
Fund Balance - February 29, 2004	<u>\$ 222,245</u>	<u>\$ 114,072</u>	<u>\$ 336,317</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF ONEKAMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED FEBRUARY 29, 2004

Exhibit C

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenue</u>			
Taxes	\$ 65,000	\$ 65,955	\$ 955
Licenses and Permits	500	410	(90)
State Grants	60,000	52,753	(7,247)
Charges for Services	-	1,251	1,251
Interest	3,000	4,168	1,168
Rents and Royalties	8,000	13,874	5,874
Donations	-	-	-
Sale of Property	110,000	112,619	2,619
Total Revenue	<u>\$ 246,500</u>	<u>\$ 251,030</u>	<u>\$ 4,530</u>
<u>Expenditures</u>			
Legislative	\$ 17,000	\$ 13,128	\$ 3,872
General Government	26,500	37,743	(11,243)
Public Safety	2,250	1,671	579
Public Works	18,000	10,937	7,063
Recreation and Cultural	6,900	12,174	(5,274)
Capital Outlay	51,000	33,398	17,602
Other Functions	26,696	30,880	(4,184)
Total Expenditures	<u>\$ 148,346</u>	<u>\$ 139,931</u>	<u>\$ 8,415</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>\$ 98,154</u>	<u>\$ 111,099</u>	<u>\$ 12,945</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	\$ -	\$ -	\$ -
Operating Transfers Out	(50,000)	(115,645)	(65,645)
Total Other Financing Sources (Uses)	<u>\$ (50,000)</u>	<u>\$ (115,645)</u>	<u>\$ (65,645)</u>
<u>Excess of Revenues and Other Financial Sources Over (Under) Expenditures and Other Uses</u>	<u>\$ 48,154</u>	<u>\$ (4,546)</u>	<u>\$ (52,700)</u>
Fund Balance - March 1, 2003		226,791	
Prior Period Adjustment - Note 9		-	
Fund Balance - March 1, 2003 - Restated		<u>\$ 226,791</u>	
Fund Balance - February 29, 2004		<u>\$ 222,245</u>	

Special Revenue Funds			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 65,000	\$ 65,955	\$ 955
-	-	-	500	410	(90)
43,600	56,854	13,254	103,600	109,607	6,007
200	100	(100)	200	1,351	1,151
1,300	1,033	(267)	4,300	5,201	901
-	-	-	8,000	13,874	5,874
800	850	50	800	850	50
-	-	-	110,000	112,619	2,619
<u>\$ 45,900</u>	<u>\$ 58,837</u>	<u>\$ 12,937</u>	<u>\$ 292,400</u>	<u>\$ 309,867</u>	<u>\$ 17,467</u>
\$ -	\$ -	\$ -	\$ 17,000	\$ 13,128	\$ 3,872
12,620	5,923	6,697	39,120	43,666	(4,546)
1,463	1,460	3	3,713	3,131	582
50,600	68,989	(18,389)	68,600	79,926	(11,326)
-	-	-	6,900	12,174	(5,274)
-	-	-	51,000	33,398	17,602
-	-	-	26,696	30,880	(4,184)
<u>\$ 64,683</u>	<u>\$ 76,372</u>	<u>\$ (11,689)</u>	<u>\$ 213,029</u>	<u>\$ 216,303</u>	<u>\$ (3,274)</u>
<u>\$ (18,783)</u>	<u>\$ (17,535)</u>	<u>\$ 1,248</u>	<u>\$ 79,371</u>	<u>\$ 93,564</u>	<u>\$ 14,193</u>
\$ 17,000	\$ 21,346	\$ 4,346	\$ 17,000	\$ 21,346	\$ 4,346
(7,000)	(8,072)	(1,072)	(57,000)	(123,717)	(66,717)
<u>\$ 10,000</u>	<u>\$ 13,274</u>	<u>\$ 3,274</u>	<u>\$ (40,000)</u>	<u>\$ (102,371)</u>	<u>\$ (62,371)</u>
<u>\$ (8,783)</u>	<u>\$ (4,261)</u>	<u>\$ 4,522</u>	<u>\$ 39,371</u>	<u>\$ (8,807)</u>	<u>\$ (48,178)</u>
	109,505			336,296	
	8,828			8,828	
	<u>\$ 118,333</u>			<u>\$ 345,124</u>	
	<u>\$ 114,072</u>			<u>\$ 336,317</u>	

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF ONEKAMA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS -ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED FEBRUARY 29, 2004

Exhibit D

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenue</u>			
Charges for Services	\$ 149,863	\$ 30,945	\$ 180,808
 <u>Operating Expenses</u>			
Personal Services	\$ 10,471	\$ 1,421	\$ 11,892
Operating Supplies	3,317	4,319	7,636
Repairs and Maintenance	9,352	6,863	16,215
Legal and Accounting	5,437	-	5,437
Equipment Rental	4,831	-	4,831
Insurance and Bonds	3,708	4,620	8,328
Utilities	15,124	4,154	19,278
Depreciation Expense	32,858	7,844	40,702
Miscellaneous	588	-	588
Total Operating Expenses	\$ 85,686	\$ 29,221	\$ 114,907
 <u>Income (Loss) From Operations</u>	\$ 64,177	\$ 1,724	\$ 65,901
 <u>Non-Operating Revenues (Expense)</u>			
Interest Income	\$ 5,317	\$ 469	\$ 5,786
Operating Transfer In	-	102,371	102,371
Interest Expense	(22,680)	-	(22,680)
Total Non-Operating Revenues (Expense)	\$ (17,363)	\$ 102,840	\$ 85,477
 <u>Net Income (Loss)</u>	\$ 46,814	\$ 104,564	\$ 151,378

Continued on next page

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ONEKAMA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS -ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Exhibit D - continued

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Add: Depreciation Charged on Assets Purchased with Contributed Capital	\$ 11,374	\$ -	\$ 11,374
<u>Increase (Decrease) in Retained Earnings</u>	\$ 58,188	\$ 104,564	162,752
<u>Retained Earnings</u> - March 1, 2003	<u>564,428</u>	<u>72,278</u>	<u>636,706</u>
<u>Retained Earnings</u> - February 29, 2004	<u>\$ 622,616</u>	<u>\$ 176,842</u>	<u>\$ 799,458</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ONEKAMA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Exhibit E

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Cash Flows From Operating Activities</u>			
Net Income	\$ 46,814	\$ 104,564	\$ 151,378
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	32,858	7,844	40,702
(Increase) Decrease In:			
Accounts Receivable	12	-	12
Due From Other Funds	-	226	226
Increase (Decrease) In:			
Accounts Payable	(961)	19,453	18,492
Due to Other Funds	36,143	(45)	36,098
Deferred Revenue	631	-	631
Accrued Interest	(219)	-	(219)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 115,278</u>	<u>\$ 132,042</u>	<u>\$ 247,320</u>
<u>Cash Flows From Capital and Related Financing Activities</u>			
Retirement of Debt	\$ (27,000)	\$ -	\$ (27,000)
Acquisition of Assets	(43,470)	(91,401)	(134,871)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>\$ (70,470)</u>	<u>\$ (91,401)</u>	<u>\$ (161,871)</u>
<u>Net Increase (Decrease) in Cash</u>	<u>\$ 44,808</u>	<u>\$ 40,641</u>	<u>\$ 85,449</u>
<u>Cash and Cash Equivalents - March 1, 2003</u>	<u>209,641</u>	<u>51,425</u>	<u>261,066</u>
<u>Cash and Cash Equivalents - February 29, 2004</u>	<u>\$ 254,449</u>	<u>\$ 92,066</u>	<u>\$ 346,515</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Village of Onekama is located in Manistee County, Michigan. The Village was organized in 1869, and operates under an elected president/council form of government. The Village provides services to its residents which consist primarily of street lighting, a sewage system, and road maintenance.

As defined by Governmental Accounting Standards Board (GASB) No. 14 the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. appoints a voting majority of the organization's board, and
2. has the ability to impose its will on the organization, or there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on the above criteria, no additional organizations or entities are included in these financial statements.

Fund Accounting

The accounts of the Village are organized on the basis of fund groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements as follows:

Governmental Funds

The General Fund - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, grants and other intergovernmental revenues.

Special Revenue Funds - These Funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal, regulatory provisions or administrative action. The Village's Special Revenue Funds are the Major and Local Street Funds, Cemetery Fund, and Liquor Law Enforcement Fund.

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 1 - Summary of Significant Accounting Policies - continued

Proprietary Funds

Enterprise Funds - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's Enterprise Fund is the Sewage Fund.

Internal Service Funds - These Funds are used to record the financing of goods or services provided by the local unit to other departments and funds or to other governmental units on a cost reimbursement basis. The Village's Internal Service Fund is the Equipment Rental Fund.

Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Modifications from the accrual basis are as follows:

1. Revenues that are both measurable and available for use to finance operations are recorded as revenue when received or when receipts appear to be certain.
2. Property tax revenue should be recognized in accordance with MCGAA Statement 3:

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 14 with the final collection date of February 29 before they are added to the county delinquent tax rolls.
3. Expenditures for Capital Outlay or inventoriable types of supplies are recorded as expenditures at the time of purchase.
4. Expenditures are not divided between years by the recording of prepaid expenses.

The financial statements of Proprietary Funds are reflected on the accrual basis of accounting; revenues are recorded when earned and expenditures are recorded as incurred.

Long-Term Liabilities

Long-Term liabilities used to finance Proprietary Fund operations and payable from the revenue of the Proprietary Fund, are recorded in the applicable fund.

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 1 - Summary of Significant Accounting Policies - continued

Depreciation of Fixed Assets

Fixed assets in the Proprietary Funds are depreciated on a straight-line basis over the estimated useful life. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The estimated useful lives are as follows:

Sewer System	50 Years
Machinery and Equipment	7 - 10 Years

The Village has elected not to report public domain on infrastructure fixed assets that are immovable and of value only to the Village government. The Village was not able to estimate the historical cost of the infrastructure.

Budgets and Budgetary Data

The General Fund and Special Revenue Fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved by the Village Council on February 13, 2003. The budgets shown are the original budgets.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year ended February 29, 2004, the Village of Onekama incurred expenditures in excess of the amount budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over Expended</u>
For the General Fund:			
General Government	\$ 26,500	\$ 37,743	\$ 11,243
Recreational & Cultural	6,900	12,174	5,274
Other Functions	26,696	30,880	4,184
For the Special Revenue Funds:			
Public Works	50,600	68,989	18,389

Cash and Cash Equivalents

Cash includes amounts in demand deposits, saving accounts and certificates of deposits.

Note 2 - Deposits with Financial Institutions

Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20 Public Acts of 1943, as amended by Act 196, Public Acts of 1998 (effective December 30, 1998), states the Village of Onekama, by resolution may authorize the chief Fiscal Officer to invest surplus funds as follows:

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 2 - Deposits with Financial Institutions - continued

Legal or Contractual Provisions for Deposits and Investments

- a. In Bonds and other direct obligations of the United States or an Agency or instrumentality of the United States.
- b. In certificates of deposits, savings accounts, deposit accounts, or depository receipts of a bank, but only if the financial institution complies with certain requirements included within the act.
- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. In United States Government or Federal Agency obligation repurchase agreements.
- e. In banker's acceptances of United States banks.
- f. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the Investment Company Act of 1940, Title I Chapter 686.54 Stat. 739, 15 U.S.C. 80a-4 with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligations described in subdivision 9 (a) through (g) if purchased through an inter-local agreement under the Urban Cooperation Act of 1967, 1967PA 7, MCL 124.501 to 125.512.
- I. Investment pools organized under the surplus Funds Investment Pool Act 1982PA 367, MCL 129.11 to 129.118.
- j. Investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

At February 29, 2004, the carrying amount of Village of Onekama deposits as reflected in the accounts of the banks (without recognition of checks written but not yet cleared or of deposits in transit) was \$ 630,373 of which \$ 576,125 was covered by federal depository insurance and \$ 54,248 was uninsured.

Certain other restrictions also apply including a requirement for the Board of Trustees to formally adopt an Investment Policy, which includes specified matters. The Village's investments are categorized to give an indication of the level of risk assumed by the Village at fiscal year end. The categories are described below:

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 2 - Deposits with Financial Institutions - continued

Legal or Contractual Provisions for Deposits and Investments - continued

- Category 1 - Insured or registered, or securities held by the Village or its agent in the Village's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.
- Category 3 - Uninsured and unregistered with securities held by the counterparty, or its trust department or agent in the Village's name.

At February 29, 2004, the Village held only cash and cash equivalents, and did not hold any investments.

Note 3 - Restricted Cash

The Village's Sewer Fund has total restricted cash of \$ 110,778 as follows:

Bond Reserve	\$ 38,154
Bond Interest and Principal	72,624
	<u>\$ 110,778</u>

Note 4 - Proprietary Fund Type Assets

A summary of Proprietary Fund type fixed assets at February 29, 2004 follows:

	Enterprise	Internal Service
Land	\$ 56,200	\$ -
Sewer System	1,571,214	-
Construction in Progress	220,937	-
Machinery & Equipment	-	202,698
	<u>\$ 1,848,351</u>	<u>\$ 202,698</u>

Note 5 - Sewage Fund Revenue Bonds

In 1973, the Village of Onekama issued \$660,000 of Revenue Bonds to defray the cost of acquiring and constructing a sanitary sewer system. The bonds are to be payable from revenues generated primarily from the system. The bond ordinance requires the establishment of certain funds and accounts for the collection of sewer usage fees, to pay operating and maintenance expenses, the payment of bonded debt, to reserve for possible debt payment default and to accumulate for major repairs and replacements. At the end of the 2003-2004 fiscal year, the total retained earnings in the Sewage Fund was \$ 897,895. The Village is in compliance with the bond ordinance's bond reserve requirements by establishing a Bond and Interest Redemption Fund Account.

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 5 - Sewage Fund Revenue Bonds - continued

Schedule of Bonded Debt

Sanitary Sewage Disposal System Revenue Bonds

<u>Due</u>	<u>Bond</u>	<u>Interest</u>	<u>Principal</u>		
	<u>Number</u>	<u>Rate</u>	<u>Amount</u>	<u>Interest</u>	<u>Total</u>
1-1-2005	455-482	5%	27,000	11,650	38,650
6	455-482		28,000	10,300	38,300
7	483-510		28,000	8,900	36,900
8	511-540		30,000	7,500	37,500
9	541-570		30,000	6,000	36,000
10	571-600		30,000	4,500	34,500
11	601-630		30,000	3,000	33,000
12	631-660		30,000	1,500	31,500
			<u>\$ 233,000</u>	<u>\$ 53,350</u>	<u>\$ 286,350</u>

On January 31, 1996 the Village of Onekama was granted permission by the Michigan Department of Treasury to issue \$170,000 of "1996 Sanitary Sewage Disposal System Junior Lien Revenue Bonds" to be dated as of the date of delivery. The purpose of the 1996 Revenue Bonds is to pay for all or part of the cost of acquiring and constructing additions, extensions and improvements to the sanitary sewage disposal system.

The 1996 Revenue Bonds had an outstanding balance of \$162,000 on February 29, 2004.

The bonds have a stated interest rate of 5% with payment due semiannually on the first day of January and July each year as follows:

Sanitary Sewage Disposal System Revenue Bonds

<u>Principal</u>	
<u>Installment</u>	<u>Due January 1</u>
\$ 1,000	2001 to 2004, inclusive
2,000	2005 to 2010, inclusive
3,000	2011 and 2012
4,000	2013 to 2016, inclusive
5,000	2017 to 2020, inclusive
6,000	2021 to 2024, inclusive
7,000	2025 to 2028, inclusive
8,000	2029 to 2035, inclusive

The Village is in compliance with the bond ordinances' bond reserve requirements by establishing a Bond and Interest Redemption Account and a Bond Reserve Account.

VILLAGE OF ONEKAMA
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 2004

Note 6 - Leases

The Village has entered into contracts with several local oil and gas companies and has leased some park, cemetery, and other properties and portions of streets and alleys to these companies for mineral rights. The Village currently receives oil and gas royalties from these properties.

Note 7 - Risk Management

The Village of Onekama is exposed to various risks of loss related to torts; thefts of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. The Village is insured through the Michigan Township Participating Plan which is a public risk pool currently operating as a common risk management and insurance program for Michigan Municipalities. The Village pays an annual premium to the Michigan Township Participating Plan for its insurance coverage. The Village has general liability insurance with a \$ 1,000,000 single occurrence limit and \$ 3,000,000 aggregate. Property insurance holds a \$ 100 deductible. Settled claims have not exceeded their coverage in any of the past years.

Note 8 - Intent to Issue an Obligation

On January 10, 2002, the Village of Onekama Council approved an Intent to Issue an Obligation for a sewer system upgrade. No obligation had been issued as of the date of these financial statements.

Note 9 - Prior Period Adjustment

An adjustment was made to reflect Due from Other Governments that had become material to the financial statements as follows:

	<u>Major Street</u>	<u>Local Street</u>
Due from Other Governments	\$ <u>5,840</u>	\$ <u>2,988</u>

**KALCHER
VANDERWAL
& TORREY, P.C.**

DALE L. VANDERWAL, C.P.A.
LEE W. TORREY, C.P.A.
JOHN A. SPRATTO, C.P.A.
DAVID L. RICHARDS, C.P.A., A.B.V.

TRAVERSE CITY
MANISTEE

CERTIFIED PUBLIC ACCOUNTANTS

Of Counsel:
LEONARD R. KALCHER, C.P.A.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

August 17, 2004

Village Council
Village of Onkama
Onkama, Michigan

We have audited the general purpose financial statements of the Village of Onkama, Manistee County, Michigan, as of and for the year ended February 29, 2004, and have issued our report thereon dated August 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Onkama, Manistee County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Onkama, Manistee County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal

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control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Village Council and management and is not intended to be and should not be used by anyone other than these specified parties. However this report is a matter of public record and its distribution is not limited.

Halcher, Vanderwal & Gony, P.C.

Certified Public Accountants

SUPPLEMENTAL DATA

VILLAGE OF ONEKAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2004

Schedule 1

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 65,000	\$ 65,955	\$ 955
Licenses and Permits	500	410	(90)
State Grants	60,000	52,753	(7,247)
Charges for Services	-	1,251	1,251
Interest	3,000	4,168	1,168
Rents and Royalties	8,000	13,874	5,874
Sale of Property	110,000	112,619	2,619
Total Revenues	<u>\$ 246,500</u>	<u>\$ 251,030</u>	<u>\$ 4,530</u>
<u>Expenditures</u>			
<u>Legislative</u>			
Council	<u>\$ 17,000</u>	<u>\$ 13,128</u>	<u>\$ 3,872</u>
<u>General Government</u>			
Elections	\$ 800	\$ 1,151	\$ (351)
Clerk	12,000	12,368	(368)
Treasurer	5,000	12,296	(7,296)
Buildings and Grounds	8,700	11,928	(3,228)
Total General Government	<u>\$ 26,500</u>	<u>\$ 37,743</u>	<u>\$ (11,243)</u>
<u>Public Safety</u>			
Zoning Activities	<u>\$ 2,250</u>	<u>\$ 1,671</u>	<u>\$ 579</u>
<u>Public Works</u>			
Street Lights/DPW/Alleys	<u>\$ 18,000</u>	<u>\$ 10,937</u>	<u>\$ 7,063</u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF ONEKAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2004

Schedule 1 - continued

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Expenditures - continued</u>			
<u>Recreation and Culture</u>			
Recreation/Park Facilities/Library	\$ 6,900	\$ 12,174	\$ (5,274)
<u>Other Functions</u>			
Miscellaneous	\$ -	\$ -	\$ -
Professional Fees	13,000	22,001	(9,001)
Units Share of Social Security	5,096	2,268	2,828
General and Health Insurance	8,600	6,611	1,989
Total Other Functions	<u>\$ 26,696</u>	<u>\$ 30,880</u>	<u>\$ (4,184)</u>
<u>Capital Outlay</u>			
Farr Center	\$ 35,000	\$ 27,449	\$ 7,551
Park	16,000	5,949	10,051
Total Capital Outlay	<u>\$ 51,000</u>	<u>\$ 33,398</u>	<u>\$ 17,602</u>
<u>Total Expenditures</u>	<u>\$ 148,346</u>	<u>\$ 139,931</u>	<u>\$ 8,415</u>
<u>Excess of Revenues Over Expenditures</u>	<u>\$ 98,154</u>	<u>\$ 111,099</u>	<u>\$ 12,945</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	\$ -	\$ -	\$ -
Operating Transfers Out	(50,000)	(115,645)	(65,645)
Total Other financing Sources (Uses)	<u>\$ (50,000)</u>	<u>\$ (115,645)</u>	<u>\$ (65,645)</u>
<u>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</u>	<u>\$ 48,154</u>	<u>\$ (4,546)</u>	<u>\$ (52,700)</u>
Fund Balance - March 1, 2003		<u>226,791</u>	
Fund Balance - February 29, 2004		<u>\$ 222,245</u>	

The Notes to the Financial Statements are an integral part of this statement.

SPECIAL REVENUE FUNDS

MAJOR STREET FUND

LOCAL STREET FUND

CEMETERY FUND

LIQUOR LAW ENFORCEMENT FUND

VILLAGE OF ONEKAMA
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

Schedule 2

	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Cemetery Fund</u>	<u>Liquor Law Enforcement Fund</u>	<u>Total</u>
<u>Assets</u>					
Cash	\$ 44,572	\$ 35,814	\$ 23,564	\$ 1,874	\$ 105,824
Due from Other Funds	-	329	-	-	329
Due from Other Units	9,023	6,318	-	-	15,341
Total Assets	<u>\$ 53,595</u>	<u>\$ 42,461</u>	<u>\$ 23,564</u>	<u>\$ 1,874</u>	<u>\$ 121,494</u>
<u>Liabilities</u>					
Due to Other Funds	\$ 1,872	\$ 2,246	\$ 1,934	\$ 118	\$ 6,170
Accounts Payable	619	619	14	-	1,252
Total Liabilities	<u>\$ 2,491</u>	<u>\$ 2,865</u>	<u>\$ 1,948</u>	<u>\$ 118</u>	<u>\$ 7,422</u>
<u>Fund Balance</u>					
Fund Balance - Reserves, Undesignated	<u>\$ 51,104</u>	<u>\$ 39,596</u>	<u>\$ 21,616</u>	<u>\$ 1,756</u>	<u>\$ 114,072</u>
Total Liabilities and Fund Equity	<u>\$ 53,595</u>	<u>\$ 42,461</u>	<u>\$ 23,564</u>	<u>\$ 1,874</u>	<u>\$ 121,494</u>

The notes to the Financial Statements are an integral part of this financial statement.

VILLAGE OF ONEKAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2004

Schedule 3

	Major Street Fund	Local Street Fund	Cemetery Fund	Liquor Law Enforcement Fund	Total
<u>Revenues</u>					
State Grants	\$ 35,472	\$ 19,858	\$ -	\$ 1,524	\$ 56,854
Charges & Services	-	-	100	-	100
Interest	417	315	291	10	1,033
Donations	-	-	850	-	850
Total Revenue	<u>\$ 35,889</u>	<u>\$ 20,173</u>	<u>\$ 1,241</u>	<u>\$ 1,534</u>	<u>\$ 58,837</u>
<u>Expenditures</u>					
Highways & Streets	\$ 25,543	\$ 43,446	\$ -	\$ -	\$ 68,989
Cemetery	-	-	5,923	-	5,923
Liquor Law Enforcement	-	-	-	1,460	1,460
Total Expenditures	<u>\$ 25,543</u>	<u>\$ 43,446</u>	<u>\$ 5,923</u>	<u>\$ 1,460</u>	<u>\$ 76,372</u>
<u>Excess of Revenues Over</u> <u>(Under) Expenditures</u>	<u>\$ 10,346</u>	<u>\$ (23,273)</u>	<u>\$ (4,682)</u>	<u>\$ 74</u>	<u>\$ (17,535)</u>
<u>Other Financing</u>					
<u>Sources & Other Uses</u>					
Operating Transfers In	\$ -	\$ 21,346	\$ -	\$ -	\$ 21,346
Operating Transfer Out	(8,072)	-	-	-	(8,072)
	<u>\$ (8,072)</u>	<u>\$ 21,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,274</u>
<u>Excess of Revenues Over</u> <u>(Under) Expenditures</u> <u>& Other Uses</u>	<u>\$ 2,274</u>	<u>\$ (1,927)</u>	<u>\$ (4,682)</u>	<u>\$ 74</u>	<u>\$ (4,261)</u>
<u>Fund Balance - March 1, 2003</u>	<u>\$ 42,990</u>	<u>\$ 38,535</u>	<u>\$ 26,298</u>	<u>\$ 1,682</u>	<u>\$ 109,505</u>
Prior Period Adjustment - Note 9	5,840	2,988	-	-	8,828
Fund Balance - March 1, 2003 - Restated	<u>\$ 48,830</u>	<u>\$ 41,523</u>	<u>\$ 26,298</u>	<u>\$ 1,682</u>	<u>\$ 118,333</u>
<u>Fund Balance - February 29, 2004</u>	<u>\$ 51,104</u>	<u>\$ 39,596</u>	<u>\$ 21,616</u>	<u>\$ 1,756</u>	<u>\$ 114,072</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ONEKAMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
MAJOR STREET FUND-BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Schedule 4

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenue</u>			
State Shared Revenues	\$ 28,000	\$ 35,472	\$ 7,472
Interest	500	417	(83)
Total Revenues	<u>\$ 28,500</u>	<u>\$ 35,889</u>	<u>\$ 7,389</u>
<u>Expenditures:</u>			
Personal Services	\$ 3,700	\$ 4,007	\$ (307)
Routine Maintenance	7,000	12,492	(5,492)
Contractual Services	9,700	1,007	8,693
Equipment Rental	6,000	8,037	(2,037)
Total Expenditures	<u>\$ 26,400</u>	<u>\$ 25,543</u>	<u>\$ 857</u>
<u>Excess of Revenues Over</u> <u>Expenditures</u>	\$ 2,100	\$ 10,346	\$ 8,246
<u>Other Financing Sources</u> <u>and Other Uses</u>			
Operating Transfers Out	<u>(7,000)</u>	<u>(8,072)</u>	<u>(1,072)</u>
<u>Excess of Revenues Over</u> <u>Expenditures and Other Uses</u>	<u>\$ (4,900)</u>	\$ 2,274	<u>\$ 7,174</u>
Fund Balance - March 1, 2003		\$ 42,990	
Prior Period Adjustment - Note 9		5,840	
Fund Balance - March 1, 2003 - Restated		<u>\$ 48,830</u>	
Fund Balance - February 29 2004		<u>\$ 51,104</u>	

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ONEKAMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LOCAL STREET FUND-BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Schedule 5

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
State Shared Revenues	\$ 14,000	\$ 19,858	\$ 5,858
Interest	500	315	(185)
Total Revenues	<u>\$ 14,500</u>	<u>\$ 20,173</u>	<u>\$ 5,673</u>
<u>Expenditures:</u>			
Personal Services	\$ 5,900	\$ 6,138	\$ (238)
Routine Maintenance	1,000	3,437	(2,437)
Contractual Services	4,300	917	3,383
Capital Improvement	5,000	21,077	(16,077)
Equipment Rental	8,000	11,877	(3,877)
Total Expenditures	<u>\$ 24,200</u>	<u>\$ 43,446</u>	<u>\$ (19,246)</u>
<u>Excess of Expenditures Over</u>			
<u>Revenues</u>	\$ (9,700)	\$ (23,273)	\$ (13,573)
<u>Other Financing Sources (Uses)</u>			
Operating Transfer In	<u>\$ 17,000</u>	<u>\$ 21,346</u>	<u>\$ 4,346</u>
<u>Excess of Revenues and Other</u>			
<u>Financing Sources Over (Under)</u>			
<u>Expenditures and Other Uses</u>	<u>\$ 7,300</u>	\$ (1,927)	<u>\$ (9,227)</u>
Fund Balance - March 1, 2003		\$ 38,535	
Prior Period Adjustment - Note 9		2,988	
Fund Balance - March 1, 2003 - Restated		<u>\$ 41,523</u>	
Fund Balance - February 29 2004		<u>\$ 39,596</u>	

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ONEKAMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CEMETERY FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Schedule 6

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Charges for Service	\$ 200	\$ 100	\$ (100)
Interest	300	291	(9)
Donations	800	850	50
Total Revenues	<u>\$ 1,300</u>	<u>\$ 1,241</u>	<u>\$ (59)</u>
<u>Expenditures:</u>			
Personal Services	\$ 420	\$ 368	\$ 52
Supplies	800	1,578	(778)
Maintenance and Repairs	7,400	42	7,358
Contract Services	2,800	3,050	(250)
Miscellaneous	200	278	(78)
Equipment Rental	1,000	607	393
Total Expenditures	<u>\$ 12,620</u>	<u>\$ 5,923</u>	<u>\$ 6,697</u>
<u>Excess of Expenditures Over Revenues</u>	(11,320)	\$ (4,682)	\$ 6,638
<u>Other Financing Sources (Uses)</u>			
Operating Transfer In	\$ -	\$ -	\$ -
Excess of Expenditures Over Revenues And Other Financing Sources	<u>\$ (11,320)</u>	\$ (4,682)	<u>\$ 6,638</u>
Fund Balance - March 1, 2003		<u>26,298</u>	
Fund Balance - February 29, 2004		<u>\$ 21,616</u>	

The Notes to the Financial statements are an integral part of this statement.

**VILLAGE OF ONEKAMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LIQUOR LAW ENFORCEMENT FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Schedule 7

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
State Shared Revenues	\$ 1,600	\$ 1,524	\$ (76)
Interest	-	10	10
Total Revenue	<u>\$ 1,600</u>	<u>\$ 1,534</u>	<u>\$ (66)</u>
<u>Expenditures:</u>			
Personal Service	\$ 1,413	\$ 1,416	\$ (3)
Operating Supplies	50	44	6
Total Expenditures	<u>\$ 1,463</u>	<u>\$ 1,460</u>	<u>\$ 3</u>
<u>Excess of Revenues Over Expenditures</u>	<u>\$ 137</u>	\$ 74	<u>\$ 63</u>
Fund Balance - March 1, 2003		<u>1,682</u>	
Fund Balance - February 29, 2004		<u>\$ 1,756</u>	

The Notes to the Financial Statements are an integral part of this statement.

ENTERPRISE FUND

SEWAGE FUND

VILLAGE OF ONEKAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - SEWAGE FUND
FOR THE YEAR ENDED FEBRUARY 29, 2004

Schedule 8

<u>Operating Revenue</u>	
Unmetered Sales to General Customers	Actual
	\$ 149,863
Total Operating Revenues	<u>\$ 149,863</u>
<u>Operating Expenses</u>	
Personal Services	\$ 10,471
Operating Supplies	3,317
Repair and Maintenance	9,352
Legal and Accounting	5,437
Equipment Rental	4,831
Insurance	3,708
Public Utilities	15,124
Depreciation Expense	32,858
Miscellaneous	588
Total Operating Expenses	<u>\$ 85,686</u>
<u>Income From Operations</u>	<u>\$ 64,177</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	\$ 5,317
Interest Expense	(22,680)
Total Nonoperating Revenue (Expenses)	<u>\$ (17,363)</u>
Net Income	\$ 46,814
<u>Add:</u>	
Depreciation Charged on Assets	
Purchased with Contributed Capital	<u>11,374</u>
<u>Increase in Retained Earnings</u>	\$ 58,188
<u>Retained Earnings - March 1, 2003</u>	<u>564,428</u>
<u>Retained Earnings - February 29, 2004</u>	<u><u>\$ 622,616</u></u>

The Notes to the Financial Statements are an integral part of this statement.

INTERNAL SERVICE FUND

EQUIPMENT RENTAL FUND

**VILLAGE OF ONEKAMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - EQUIPMENT RENTAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2004**

Schedule 9

<u>Operating Revenue</u>	
Charges for Service	<u>Actual</u> \$ 30,945
<u>Operating Expenses</u>	
Personal Services	\$ 1,421
Operating Supplies	4,319
Repairs and Maintenance	6,863
Insurance	4,620
Utilities	4,154
Depreciation	7,844
Total Operating Expenses	<u>\$ 29,221</u>
<u>Income From Operations</u>	<u>\$ 1,724</u>
<u>Non-Operating Revenues</u>	
Interest Income	\$ 469
Operating Transfer In	102,371
Total Non-Operating Revenue	<u>\$ 102,840</u>
Net Income	\$ 104,564
<u>Retained Earnings - March 1, 2003</u>	<u>72,278</u>
<u>Retained Earnings - February 29, 2004</u>	<u><u>\$ 176,842</u></u>

The Notes to the Financial Statements are an integral part of this statement.